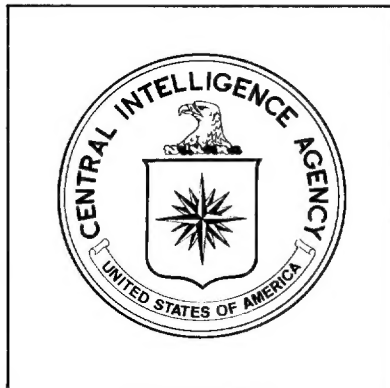


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**Middle East
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MIDDLE EAST – AFRICA – SOUTH ASIA

This publication is prepared for regional specialists in the Washington community by the Middle East - Africa Division, Office of Current Intelligence, with occasional contributions from other offices within the Directorate of Intelligence. Comments and queries are welcome. They should be directed to the authors of the individual articles.

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India-Pakistan

Strained Relations

2+3 The three year old process of normalizing Indo-Pakistani relations has ground to at least a temporary halt, but neither side expects current strains to lead to further serious deterioration in their long-troubled relationship.

Two sets of bilateral negotiations are deadlocked. Neither side is willing to compromise on the dispute arising from the hijacking of an Indian plane to Pakistan in 1971 and the subsequent mutual ban on civil overflights that still is in operation. Similarly, the latest round of talks relating to an Indian dam project that will control an important supply of water to Pakistan ended inconclusively last month, and the matter probably will be submitted eventually to arbitration.

1+3 The intermittent propaganda war between India and Pakistan heated up during the summer despite an agreement last May to cut back on negative commentary in the media. In a recent exchange of messages over the Indo-Pakistani "hot line," India accused the Pakistanis of circulating reports abroad that New Delhi might resort to an attack against Pakistan in order to divert Indian public attention from the government-proclaimed national emergency in India. In response, Pakistan charged India with permitting its censored press to publish articles criticizing Prime Minister Bhutto and mocking Pakistan's "democracy."

2+3 Recent events in Bangladesh have deepened Indo-Pakistani mistrust. Early Pakistani and Chinese recognition of the new government in Dacca is viewed in India as an attempt to supplant the strong influence India wielded in Bangladesh before the coup of mid-August. The unsettled political situation in Dacca seems to rule out any serious effort between Islamabad and New Delhi toward rapprochement in the near future.

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Neither India nor Pakistan probably feels any urgency to improve relations at this time. Most of the problems resulting from their 1971 war have already been settled. The dispute over Kashmir is likely to remain stalemated indefinitely, and India still shows little interest in resuming diplomatic relations with Pakistan. Moreover, the two countries are engaged in a bitter contest for a 2-year term on the UN Security Council. (CONFIDENTIAL)



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Pakistan

Defections from the Ruling Party

2 The defection of a former close associate of Prime Minister Bhutto from the ruling Pakistan Peoples' Party (PPP) keeps the political pot boiling in the Punjab, Pakistan's most populous province. Mustafa Khar, a former governor and earlier a chief minister of the Punjab, announced his resignation from the party on September 24 along with three supporters from among members of the national assembly and eleven from the provincial assembly. These losses do not significantly affect PPP domination of both bodies.

1 The immediate cause of the defections was the provincial party's decision, approved by Bhutto, to select another politician as the PPP candidate for a vacant provincial assembly seat. Khar had sought the nomination and failure to receive it led to his immediate resignation from the party, an announcement that he would contest the election as an independent, and a strong denunciation of Bhutto and the "sycophants" around him.

2 Khar has long been a controversial figure in Punjabi politics and a major cause of intense factionalism within the PPP. Over the years he has made many enemies within the party, particularly within the left-wing. Khar precipitated a constitutional crisis earlier this year by his direct meddling in the affairs of the provincial government at a time when he held the post of governor, supposedly a largely ceremonial position. Bhutto solved that crisis in July by removing both Khar and his principal rival, the chief minister. Reportedly the prime minister subsequently offered Khar appointment to a position in the central government or a post abroad. Khar declined, apparently preferring to keep his hand in provincial politics.

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142 Khar would appear to have little chance of being elected as an independent, given PPP control both of civil administration within the Punjab and of the media. He can be expected, however, to wage a bitter fight and probably will try to appeal to Punjabi provincialist sentiment. The consulate general in Lahore speculates that Khar may be "playing a martyr's role with an eye toward longer term political exploitation."
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